

MEMORANDUM
DEPARTMENT OF ADMINISTRATION
Office of the Director

To: All Department Directors and Agency Executive Directors

From: Robert L. Carl, Jr., Ph.D.
Director/Chief Purchasing Officer

Date: February 4, 1998

Subject: Revised Delegated Small Purchase Procedures

Please replace the previously distributed (November 19, 1997) Delegated Small Purchase Procedures with the enclosed updated (February 4, 1998) version. The major differences include:

- (1) elimination of the requirement for written confirmation for offers less than \$1000;
- (2) a reminder that certain goods and services must be purchased from Correctional Industries;
- (2) a reminder that the standards, specifications and Acceptable Brands Lists that the Division of Purchases has developed with users must be employed for all applicable solicitations conducted by state agency officials under this newly delegated authority.

cc: P. Corr, Purchasing Agent
S. McAllister, Executive Director
L. Franklin, Controller

DELEGATED SMALL PURCHASE AUTHORITY PROCEDURES

[37-2-22] Small Purchases. Procurements not to exceed an aggregate amount of five thousand dollars (\$5,000) for construction and two thousand five hundred dollars (\$2,500) for all other purchases may be made in accordance with small purchase regulations promulgated by the Chief Purchasing Officer. Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section.

[37-2-7(4)] "Construction" shall mean the process of building, altering, repairing, improving or demolishing any public structures or building, or other public improvements of any kind to any public real property. It does not include the routine maintenance or repair of existing structures, buildings, or real property performed by salaried employees of the state in the usual course of their job.

[37-2-38] Issuance of specifications. (1) The Chief Purchasing Officer shall have the responsibility for issuing and maintaining all standard specifications for supplies, services, and construction required by the state. Among its duties, it shall, to the greatest extent practicable: (a) prepare and issue standard specifications for supplies, services, and construction commonly required by the state; (b) revise all standard specifications to conform to all technical and scientific advances pertaining to the supplies, services, and construction described in those specifications, and to reflect changes in the state's requirements and user agencies; and (c) establish guidelines for drafting specifications. (2) All specifications shall be drafted so as to maximize, to the extent practicable, competition in fulfillment of the state's requirements.

13-7-8. Requisition of goods by public agencies [Correctional Industries]. -- When the state purchasing agent or agent of any state office, department, or institution, shall have had occasion to purchase any articles, services or materials similar to those produced in the adult correctional institution and notification of that production had been given him or her, he or she shall make requisition therefor to the director of corrections, the provisions of any statute, resolution, rule or regulation to the contrary notwithstanding. The requisition shall conform to specifications and descriptions previously submitted by the director unless it appears that special style, design, or quality is needed, and shall be on forms provided by the director. If the articles or materials are needed immediately and are not on hand or the articles, services, or materials can be purchased at a price less than the quote received by the requisitioner by the adult correctional institution, the director shall forthwith notify the requisitioner and he or she may purchase elsewhere.

Master Price Agreements (MPAs) vs. Delegated Small Purchase Authority. Note that this new authority does not replace the requirement to utilize Master Price Agreements when one is available covering the area of purchase. Although hard copies of MPAs are mailed to agency business offices throughout the State, they can also be downloaded from the Division of Purchases Website at www.purchasing.state.ri.us. Help can be obtained by calling 222-2142 ext. 134.

Correctional Industries Products and Services. Note that this new authority does not replace the requirement to utilize Correctional Industries products and services when they are available. Copies of a catalog and help in using Correctional Industries can be obtained by calling 464-2134. (This number may change to 462-2134 around mid-February.)

Standards, Specifications and Acceptable Brands Lists (ABL). To assure that agencies obtain commodities which are of good quality and meet the requirements of users, the Division of Purchases has worked with users to compile official standards, specifications and acceptable brands for frequently obtained items. Where such documents exist, Departments and Agencies are required to provide potential vendors with copies of standards and specifications developed by the Division of Purchases as a normal part of a solicitation when obtaining goods. In addition, where ABLs exist for products, only the authorized brands and models may be purchased.

Obtaining Copies. Attached is an index of current specifications, standards and ABL documents. Although most agencies already have hard copies of documents relating to their requirements, copies may be obtained by contacting the Division of Purchases Standards Technician at 222-2142 ext. 130. When the Electronic Purchasing System (EPS) is fully implemented, all documents will be available on-line.

Verify Current Status. Since the Standards, Specifications and ABLs are constantly being updated due to both user requirements and changes in suppliers' products, agencies should verify that a description is current prior to soliciting offers.

Advisory Input. Agencies are encouraged to advise purchasing officials on a continuous basis of modifications/updates which should be incorporated into published documents.

Three Quotes Required. For procurements above \$250 at least three quotes must be obtained. As always, Departments and Agencies are cautioned not to artificially divide orders for similar purchases which would result in exceeding the \$2500 limit.

Telephone quotes. For procurements between \$251 and \$1000 at least three telephone quotes, documented in writing by an agency official must be obtained. Even where a telephone quote is permitted, whenever a Division of Purchases Standard or Specification is required, each potential vendor must be provided a written copy either by regular mail, e-mail or fax. Remember that, although it may seem faster to obtain telephone quotes, sometimes written solicitations are better because they are clearer to the vendors and will improve your chances of obtaining what you want.

Written quotes may be obtained through normal mail, personal delivery or fax. For procurements above \$1000 written confirmation of all offers must be obtained from vendors.

It is important that the person obtaining the quotes set a deadline by which all written quotes must be received or the process may not have closure. This also ensures that the vendors have an equal opportunity to participate.

An official record of all quotes received must be retained with a copy of the appropriate accounting document (ME, DPO, voucher).

Sources/Suppliers

Departments and Agencies are required to solicit from valid suppliers. Although they are encouraged to solicit bid quotations from vendors who have registered to do business with the State of Rhode Island, if no vendors have indicated an interest in supplying what the agency requires, other sources may be considered. Agencies will have on-line access to the State's vendor lists when the EPS is fully implemented. Meanwhile, these lists may be viewed at the Division of

DELEGATED SMALL PURCHASE AUTHORITY PROCEDURES

Purchases Internet Website under the Rhode Island Vendor Information Program (RIVIP) at <http://www.purchasing.state.ri.us>. To access the information, the User must be entered into the Purchasing Data Base and a User Password assigned. Requests for participation should be addressed in writing to the Chief of Purchasing Management Support Services. Assistance in using the Website may be obtained by calling the Help Desk at 222-2142 ext. 134.

Local Vendors. It is the State's policy to solicit small purchases from local vendors whenever possible. Lists of vendors obtained from the RIVIP indicate which ones are Rhode Island firms.

MBE Participation. Whenever possible one of the three quotes must be obtained from a certified Minority or Woman-Owned Business Enterprise (MBE/WBE). State Purchasing Regulations require that one of the three quotes must be solicited from a certified minority- or woman-owned business supplier - if one is available. Lists of certified Enterprises are available at the Department of Administration MBE Office. Lists of vendors obtained from the RIVIP indicate which ones are certified. Both MBE and WBE firms are identified with the code AM@ under the column entitled Minority Type.

Responsive and Responsible. State Purchasing law requires that contracts be awarded based on the lowest price offered by a responsive and responsible supplier. A responsive supplier is one which offers a price for exactly what was requested or an acceptable alternative. A responsible supplier is harder to define. Generally this term refers to financial stability, dependability, honesty and integrity. For example, the State would not order supplies from a company suspended for indictment on bribery charges or someone without a valid business address, e.g., doing business out of the trunk of a car.

Contract Award and Cancellation

Contract. A solicitation combined with an offer which results in an order being placed is deemed to be a contract between the State and the Supplier. All State contracts - including small purchases - are governed by State Law 37-2, State Purchasing Rules and Regulations and the General Terms and Conditions for Contracts. (The latter two documents are available on the RIVIP.)

Notification. An agency official will notify the responsible vendor offering the lowest responsive price. Although a telephone order may suffice in many instances, a written order is often preferable so that there is a record in case of a dispute if the vendor does not deliver what was requested or does not deliver within a reasonable time. (Note: the solicitation should indicate what timeframe is desired by the user.)

Award to Other than Low Bidder. When awarding to other than the low bidder, the record shall include a statement explaining the basis for the decision. Any such rationale must contain objective criteria, e.g., item offered did not meet specifications or brand and model requirements, item offered was not equivalent of what was requested or vendor has been suspended.

Cancellation. The User must cancel a contract in writing, explaining the reason for the cancellation. A copy of this document must be part of the official record of the purchase. An example of a basis for cancellation is a vendor's failure to provide what was agreed to, referred to as Anonperformance.®

Ordering and Payment.

Delegated purchasing authority permits your agency to substitute either miscellaneous encumbrance documents (ME), Direct Purchase Order Vouchers or regular Vouchers for transactions previously implemented with the issuance of Purchase Orders.

- > The ME is used when more than one payment is required. The voucher may be used when only a single payment is required.
- > Multi-part paper form. The User Agency will contact the vendor(s) directly and order the goods or services, either by telephone, fax or mail (using the AVendor's Copy® page of the DPO form), retain the balance of the form until the goods have been delivered and accepted (or the services performed), and the vendor invoice has been received and approved. The completed DPO, signed by an authorized agent and accompanied by the vendor invoice(s) will then be forwarded to the Office of Accounts and Control for payment.
- > When the State's GOLDEN Mainframe Accounting System is utilized, the User Agency will contact the selected (lowest responsible and responsive) vendor directly and order the goods or services by telephone, mail or fax. Upon issuing the order, the Agency will enter the appropriate DPO information into the GOLDEN system. Upon satisfactory completion of the order, the payment voucher will be Areleased,® printed, signed by an authorized agent and forwarded with the vendor's invoice to the Office of Accounts and Control.

Before a payment will be honored, the Vendor must have submitted IRS Form W9 to the Controller. Vendors may download a copy of the form at the RIVIP Website. For help they may call the Help Desk at (401) 222-2142 ext 134.

Audit. All transactions made under the Delegated Small Purchase Authority are subject to audit by the Bureau of Audits and the Division of Purchases. Audits will concentrate on documentation of competitive solicitations and whether agencies artificially divide purchases.